



February 23, 2010

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke St
Alexandria, VA 22314-3428

Dear Members of the Board,

As a Vice President and Chief Financial Officer of a smaller credit union I would like to comment on the proposed revisions to Part 704 governing Corporate Credit Unions.

I very much want to see maintained my local Corporate Credit Union to take care of our payment processing, liquidity needs and funds management services. I know that the cost of these services, to obtain them elsewhere, would be much more expensive to our credit union. We are not large enough to be able to work out favorable deals with other financial institutions to obtain these same services. It is important to keep the availability of these services within the credit union movement so that credit unions are not forced to compete with much larger institutions for these services and also do not have to be forced to obtain these services from our competitors. We need to maintain our current corporate network, as much as possible, so that the smaller credit unions can continue to survive in the future.

I believe that the proposed rules are too strict for corporate credit unions to be able to survive. The retained earnings rule is not reasonable for corporate credit unions to be able to meet in the time frame required. The retained earnings requirements are greater than many corporates have earned even during the best of times. We need to allow the corporates more time to build up retained earnings. Retained earnings goals should not be included in a regulation; these goals should be between the examiners and the management and Boards of each individual corporate credit union.

We also need to allow more time for the corporates to build up capital. We have gone through an unprecedented economic disruption and it will take many years for the corporate system to recover what was lost. As long as a corporate has a plan that will make them a viable entity, then the NCUA should let them have the time they need to implement their plans. If the corporates have to meet these capital requirements, then they will not be able to price their services competitively and therefore will not be able to survive.

If small credit unions have to go outside the corporate network for services and investments, many of these small credit unions do not have the expertise to manage these services on their own. This will create greater financial risk for these credit unions. The propose rule will be a severe hardship to the smaller credit unions if their corporate cannot meet the rules and therefore, decides to liquidate or

merge with another corporate that is not as responsive to their needs as their current corporate. Fewer and larger corporates present greater risk to the share insurance fund because there is less diversity of risk. We need the proposed rules to allow the smaller corporates to be able to compete and survive over the long term.

Most credit unions use the corporate network, and this network has been built up over many years to where it is an integral part of the credit union movement. In these times, where the larger financial institutions have been shown to present the greatest risk to the economy and for potential losses, it is important that the smaller financial institutions, and in particular credit unions, can continue to give the consuming public a local option that can better serve the public's needs and present less systemic risk to the economy.

That is why it is so important to maintain the corporate network as it is now, as much as possible, so that the smaller corporates and the smaller credit unions can survive and continue to give the American public a local, friendly and responsive financial institution to meet their financial needs. Please listen to all the comments and please consider revising your regulation to reflect the realities that the corporate credit unions are going to need more time and less stringent financial requirements in order for them to recover and survive in the long term. I want the future of credit unions and particularly the small credit union to continue to shine bright. I very much appreciate your consideration of my comments.

Sincerely,

A handwritten signature in black ink, reading "William H. Trenchard". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

William H. Trenchard
Vice President and CFO